

Message Text

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PAGE 01 CARACA 03359 111731Z
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FOR: OED/MEPD AND OIM

E.O. 11652: N/A
TAGS: BENC, BEXP, VE
SUBJECT: MAJOR PROJECT: CORPOZULIA STEEL PROJECT FINANCING

REF: CARCAS 1051

1. ON THE OCCASION OF INAUGURATING THE NINTH NATIONAL ASSEMBLY OF INDUSTRIAL CHAMBERS AND ASSOCIATIONS IN MARACAIBO APRIL 5, PRESIDENT CARLOS ANDRES PEREZ PROMISED THAT LEGISLATION WOULD BE SENT TO THE CONGRESS THE FOLLOWING WEEK WHICH WOULD PROVIDE FOR THE FINANCING OF THE CORPOZULIA STEEL PROJECT.

2. SOURCES IN CORPOZULIA INFORMALLY AND UNOFFICIALLY INDICATED THAT THE PLAN WOULD CONTAIN BORROWING AUTHORITY FOR UP TO 10.5 BILLION BOLIVARS (APPROXIMATELY US \$2.5 BILLION) OVER A 10-YEAR PERIOD TO FINANCE INFRASTRUCTURE, PORT, RAILROAD AND THE GOV EQUITY IN THE STEEL PROJECT ITSELF. MOST BORROWINGS WOULD BE FOREIGN.

3. FINANCE MINISTER SILVA LUONGO, ON ARRIVING AT THE CONFERENCE ON APRIL 6, STATED TO THE PRESS THAT THE STEEL PROJECT COULD COUNT ON FINANCING FROM THE VENEZUELAN INVESTMENT FUND (FIV) FOR ITS EARLY STAGES, BUT WOULD HAVE ITS OWN BUDGET BEGINNING

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IN 1980. DURING HIS FORMAL PRESENTATION TO THE CONFERENCE THE MINISTER, IN JUSTIFYING THE USE OF CREDIT FOR FINANCING LARGE INDUSTRIAL PROJECTS, NOTED THAT CORPOZULIA'S COAL AND STEEL PROJECTS WOULD BE FINANCED BY FIV, REGULAR BUDGET, AND OTHER SOURCES.

4. EMBASSY COMMENT: GIVEN THE POLITICAL CAMPAIGN AND THE

IMPORTANCE OF THE STEEL PROJECT TO THE ZULIA AREA, PRESIDENT PEREZ COULD HARDLY MAKE A MAJOR ADDRESS IN MARACAIBO WITHOUT MENTIONING IT. HE APPEARS TO HAVE MADE THE MINIMUM OBESIANCE TO CORPOZULIA'S PROJECT REQUIRED BY THE POLITICAL SITUATION, WITHOUT FORMALLY COMMITTING FUNDS TO THE PROJECT.
VAKY

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Message Attributes

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Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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